

# NATIONAL CREDIT UNION ADMINISTRATION

# NCUA News

## Johnson named Chairman

*I am truly honored by President George W. Bush's strong support and confidence in my leadership to serve as NCUA Chairman. The President recognizes the importance of the NCUA as an effective safety and soundness regulator. As we move forward, I look forward to continuing the productive relationship with my board colleagues and the agency's management team.*

*As Chairman, I will continue the course of empowering America's credit unions with a regulatory environment that recognizes the ever-changing financial services industry. I share the President's strong belief that America's credit unions should have an effective, not an excessive regulator.*

*I extend sincere appreciation to Chairman Dollar for his outstanding leadership. I know the agency is much more efficient and effective because of his superb service. We will not waver. We will continue to build on that success with vision for the future of America's credit union system.*

*The President's designation sets the course for new agency leadership; however, with the collective efforts of the NCUA and those we regulate, we are positioned to maintain a viable credit union system for generations to come.*

*JoAnn Johnson*

JoAnn Johnson  
NCUA Chairman effective May 3, 2004

April/May 2004 Number 3

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## Dollar bids farewell

*I could not be more pleased that President Bush has chosen JoAnn Johnson to lead NCUA into its next era. The President has made an excellent choice. She has been a strong regulator and an extremely effective leader as the Board's Vice Chair. I am confident that she will move seamlessly to her new role as Chair and will continue to make a real difference for both NCUA and American's credit unions.*

*I would like to extend my sincere appreciation to all I have had the privilege of working with during my almost seven year tenure at NCUA. It has been such a rewarding experience to have served on the NCUA Board since 1997 and as its Chairman since 2001. Credit unions are unique financial institutions that provide a noble service to our nation's economy as not-for-profit, member-owned financial cooperatives in a financial marketplace in which the consumer always benefits from additional choices. From*

*my experience, both as a credit union CEO and as a member of the NCUA Board, I have found that America's credit unions serve their members with a heartbeat for outreach that truly lives up to their slogans of "people helping people" and "members come first." And they do*

*it with a commitment to safety and soundness that ensures they will be around to make a positive difference for generations to come.*

*For millions of people in this country, it was a credit union that financed*

continued on page 2



**Alexandria, Va., April 15, 2004** — Closing the April Board meeting, Dennis Dollar lowers the gavel for the final time as Chairman of the NCUA Board to a round of applause that became a standing ovation.

## Dollar bids farewell

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their first car, allowed them to build a credit history, and said yes to their first credit card application. And many in this decade of borrowers will remember it was a credit union that financed their first home or helped them achieve a lifetime dream of starting their own small business.

Working with my colleagues on the NCUA Board, I've tried to provide the leadership that would always emphasize safety and soundness as our agency's first priority but yet would build upon that solid foundation a system of earned regulatory flexibility necessary to enable credit unions to diversify their risk and thrive in a constantly changing financial marketplace.

From the successes of RegFlex, Access Across America and AIM to the regulatory enhancements that provide more diversification options for credit union fields of membership, incidental powers, member business lending and investments, the past three years have seen substantive, significant changes for credit unions and for NCUA.

I deeply appreciate President Bush's vote of confidence in designating me

NCUA Chairman in 2001 and the support I received from Congress and other federal agencies during my tenure. In addition to my Board colleagues, I also extend my appreciation to my chief of staff, Kirk Cuevas, the NCUA leadership team and agency staff, our state supervisory authority partners, league and trade associations and the credit union community for the opportunity to work with you to make a positive difference for the million of people who depend on America's credit unions on a daily basis. It has been an honor to serve.



Dennis Dollar  
Former NCUA Chairman

## Harvey J. Baine III passes away

Former NCUA Regional Director Harvey J. Baine III passed away Saturday, April 3, 2004.

With an NCUA career spanning three decades, Mr. Baine joined NCUA as an examiner March 4, 1957. He served as an assistant regional director in Boston and regional director in Toledo, Ohio; Harrisburg, Penn.; and Washington D.C., during his 33-year tenure with the agency. After leaving NCUA in 1990, Mr. Baine managed NAPUS Federal Credit Union in Alexandria, Va.



## GC opinion letters

The NCUA Office of General Counsel issues opinion letters interpreting agency regulations and policies in response to questions submitted. Summaries of a few recent opinion letters follow. To secure these letters, contact NCUA's Office of Public &



Congressional Affairs, 1775 Duke Street, Alex., VA 22314; or access all GC opinion letters on the NCUA website at

[www.ncua.gov/ref/opinion\\_letters/opinion\\_letters.html](http://www.ncua.gov/ref/opinion_letters/opinion_letters.html).

**04-0223 — Charitable contributions to credit unions** — An FCU can make donations to another credit union without being subject to the limitations in NCUA's charitable donations rule. NCUA has long recognized an FCU's authority to make charitable contributions and donations under incidental powers authority, Part 721, including donations to other credit unions.

**03-0512 — Funding employee benefit obligations with life insurance** — An FCU may purchase life insurance products, use the pooled investment approach and hold the insurance products to maturity if it complies with §701.19 of NCUA's rules regarding investing to fund benefits for employees of FCUs. What's more, an FCU may struc-

ture its investments to recover the cost of the benefit and funding, but not opportunity costs.

**03-1048 — Member ballot secrecy in FCU elections** — With proper controls in place, an FCU can preserve secrecy in the election process through the use of independent third-party tellers that have sole control over completed ballots and, in this way, ensure that member votes remain confidential and secret from the FCU, its employees and officials.

**03-1119 — Tracking late fees** — FCU data processing software may track the collection of a late fee assessed against a borrower by posting the amount to a "partial payment" account. However, if an FCU has assessed but not collected a late fee, NCUA's rules prohibit "pyramiding" of late fees, and if payment is made on time and in the scheduled amount, an FCU is prohibited from assessing another late fee simply because the amount of the payment does not include a late fee assessed in an earlier period.

**03-1242 — Preemption of the Georgia Fair Lending Act** — NCUA affirms the legal position in Office of General Counsel's Opinion 03-0412 (November 10, 2003), stating the *Georgia Fair Lending Act* is preempted by the *Federal Credit Union Act*.

NATIONAL CREDIT UNION ADMINISTRATION  
**NCUA News**

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures credit unions.

JoAnn Johnson, *Chairman*  
Deborah Matz, *Board Member*

Information about NCUA and its services may be secured by contacting the Office of Public and Congressional Affairs, at 703-518-6330. The weekly Treasury-bill rates are available by calling 800-755-1030 or 703-518-6339.

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## Board actions, April 15, 2004

### Board hears quarterly NCUSIF briefing

The National Credit Union Share Insurance Fund (NCUSIF) 2003 financial statements received an unqualified audit opinion, NCUA's Chief Financial Officer reported to the Board at the first quarter 2004 briefing on the condition of the Share Insurance Fund. In 2004, the first quarter ended with the NCUSIF equity ratio at 1.29 percent based on December 31, 2003, insured shares of \$478.5 billion.

NCUSIF gross income was \$30.3 million and total expenses were \$20.2 million during the first quarter of 2004, including \$872,095 added to the provision for loan losses to cover anticipated losses from three credit union failures that have occurred this year. With these funds added, NCUSIF reserves were \$79.9 million at March 31, 2004.

In April 2004, credit unions with share growth during the last six months of 2003 will submit \$96 million, representing the required semiannual one percent NCUSIF deposit adjustment. The Fund has returned \$46 million to credit unions that experienced insured share declines in the final six months of 2003.

#### Fixed asset amendments proposed

The NCUA Board issued proposed amendments to clarify and simplify Part 701, the rule governing federal credit union ownership of fixed assets, which includes the fixed asset investment limit of 5 percent of shares and retained earnings. The substantive proposed changes would (1) eliminate investments in any entity that holds fixed assets used by the FCU from the fixed asset investment limit calculation and (2) establish a time frame for submitting waiver requests for partial occupation of realty acquired for future expansion. The proposal was issued with a 60-day comment period.

#### Expanded CDRLP participation proposed

The NCUA Board issued a proposed change to Part 705 that would permit student credit unions to participate in the Community Development Revolving Loan Program for Credit Unions (CDRLP).

CDRLP low-interest loans and technical assistance grants often aid low-income designated credit unions to stimulate economic development and revitalization activities within their communities.

Student credit unions provide their members with valuable, frequently unavailable financial service and a unique opportunity for financial education. The NCUA Board believes that well-run student credit unions could benefit from participation in CDRLP and thereby be better equipped to serve their communities.

The proposal was issued with a 30-day comment period.

**Board votes are unanimous unless indicated.**

## Board actions March 18, 2004

### Board briefing

The *Fair and Accurate Credit Transactions Act of 2003* (FACT Act) amended the *Fair Credit Reporting Act* (FCRA) and requires federal financial agencies to write various regulations to implement the statute within a short time. To ensure the public is advised of possible upcoming regulatory actions, staff briefings were provided to the NCUA Board at its March meeting.

#### New medical information requirements for financial institutions

The FACT Act adds a new section to FCRA restricting the circumstances when consumer reporting agencies may furnish consumer reports that contain medical information about consumers, and it adds a provision prohibiting creditors from obtaining or using medical information pertaining to a consumer in connection with determination of the consumer's eligibility or continued eligibility for credit.

The NCUA Board was briefed on the general issues related to the upcoming, proposed interagency medical informa-

tion rule required by the FACT Act that will be applicable to federal credit unions.

With a statutory deadline of June 4, 2004, the federal banking agencies and NCUA jointly drafted a proposed rule to implement medical information provisions of the FACT Act. The Act directs the five agencies to craft a regulation with appropriate exceptions to protect legitimate operational, transactional, risk, consumer and other needs, including actions needed for administrative verification.

NCUA regulations will also address how FCUs can share certain medical information with affiliated credit union service organizations.

By notation vote, the NCUA Board approved this proposed rulemaking April 8, 2003, and it has been published in the Federal Register with a 30-day comment period.

#### Negative information disclosure requirements

The NCUA Board was also briefed on a possible interagency rule that would implement section 217 of the FACT Act.

Section 217 of the FACT Act requires an FCU to provide a clear, conspicuous written notice to a member before or no later than 30 days after it furnishes negative information to national consumer reporting agencies about credit extended to the member. Negative information includes information concerning a member's delinquencies or late payments.

Section 217 allows FCUs to provide the notice with any notice of default, billing statement or other materials provided to members, except initial Truth in Lending disclosures. It also requires the Federal Reserve Board to issue a model disclosure form by June 4, 2004, that FCUs may use to comply with the notice requirement.

NCUA staff is participating in an interagency working group that is considering various options of how to approach implementation of Section 217. When the interagency group agrees on a draft notice of proposed rulemaking, the proposal will be circulated to the NCUA Board for consideration and formal action. The Federal Reserve has issued a proposed sample notice.





**Who and What:** Chairman JoAnn Johnson will address the Commonwealth One Federal Credit Union Annual Meeting.

**When:** Thursday, May 13, 2004

**Where:** Alexandria, Va.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Board Member Debbie Matz will address the 68th Annual Meeting of the Idaho Credit Union League.

**When:** Thursday, May 13, 2004

**Where:** The Coeur d'Alene Resort, Coeur d'Alene, Idaho

**Why:** In keeping with the league's theme of "discovering hidden treasures," Board Member Matz will share ideas to help credit unions reach underserved consumers in their communities.

**Contact:** Patty Jenkins at 703-518-6318 or [pjenkins@ncua.gov](mailto:pjenkins@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the Michigan Credit Union Executives Society Annual Meeting.

**When:** Friday, May 14, 2004

**Where:** Dearborn, Mich.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the Credit Union National Association CFO Council Annual Conference.

**When:** Monday, May 17, 2004

**Where:** San Diego, Calif.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the NAFCU 23rd Annual Volunteers Conference.

**When:** Friday, May 21, 2004

**Where:** Orlando, Fla.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the EasCorp CEO Roundtable Meeting.

**When:** Wednesday, May 26, 2004

**Where:** Boston, Mass.

**Why:** Chairman Johnson will participate in a "town meeting" format, discussing business and political issues facing credit unions.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the 32nd Annual Southeastern Regional Seminar.

**When:** Monday, May 31, 2004

**Where:** Sea Island, Ga.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Board Member Debbie Matz will host a free Partnering and Leadership Success (PALS) workshop to help credit unions make more mortgages.

**When:** Wednesday, June 2, 2004

**Where:** The Westin Copley Place, Boston, Mass.

**Why:** This PALS workshop is intended to help credit unions keep more of their members' mortgages and reach more first-time homebuyers, while managing interest rate risks.

**Contact:** Patty Jenkins at 703-518-6318 or [pjenkins@ncua.gov](mailto:pjenkins@ncua.gov).

**Who and What:** Board Member Debbie Matz will address the Connecticut Credit Union Association.

**When:** Tuesday, June 8, 2004

**Where:** Credit Union House, Washington, D.C.

**Why:** Board Member Matz will discuss issues of importance to the future of credit unions.

**Contact:** Patty Jenkins at 703-518-6318 or [pjenkins@ncua.gov](mailto:pjenkins@ncua.gov).

**Who and What:** Board Member Debbie Matz will address the 30th Anniversary Meeting of the National Federation of Community Development Credit Unions.

**When:** Thursday, June 10, 2004

**Where:** Wyndham El San Juan, Puerto Rico

**Why:** Board Member Matz will address key issues facing community development credit unions and small credit unions.

**Contact:** Patty Jenkins at 703-518-6318 or [pjenkins@ncua.gov](mailto:pjenkins@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the Women's Leadership Symposium.

**When:** Friday, June 11, 2004

**Where:** New York, N.Y.

**Why:** Chairman Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

**Who and What:** Chairman JoAnn Johnson will address the 68th Annual Meeting of the North Carolina Credit Union Network.

**When:** Monday, June 12, 2004

**Where:** Pinehurst, N.C.

**Why:** Chairman Johnson will provide an update on current issues and the work of the NCUA Board.

**Contact:** Heather Graham at 703-518-6309 or [hgraham@ncua.gov](mailto:hgraham@ncua.gov).

# PALS workshop teaches how to make safe business loans

*Partnerships help credit unions share risks and rewards*

More than 230 credit union leaders learned innovative ways to safely make member business loans at NCUA's Partnering and Leadership Successes (PALS) workshop March 25 in San Francisco.

This second member business lending workshop and the fifth of NCUA Board Member Debbie Matz's PALS initiatives brought credit union business lenders and government experts together to share success stories and offer advice on how to safely manage member business lending risks.

"One of the best ways to manage risks is to partner with the Small Business Administration," suggested Matz, who serves as NCUA's liaison to SBA. "You can serve a wider range of small businesses, earn SBA loan guarantees and make more loans because the guaranteed portion of each loan is not counted against the member business loan cap."

"We hope that if you decide to make member business loans, you go to your local SBA office and become an SBA lender," Matz said.

Matz and NCUA Vice Chair JoAnn Johnson, who worked together to develop NCUA's new member business lending regulation, reminded attendees that business lending is not for every credit union. But they emphasized that NCUA's intent is to remove unnecessary regulatory burdens for credit unions that undertake business lending.

"Our member business lending rule is up for regulatory review again this year," Johnson pointed out. "We are exploring further changes to empower credit unions to help more of America's small businesses with their financing needs. Small business is big business."

The many audience members who indicated that they had not yet begun member business lending were advised to start slowly and seek partnership opportu-

nities. Panelists described several successful ways to forge partnerships:

- Partner with other credit unions – Credit union service organizations (CUSOs) help multiple credit unions share start-up costs, hire underwriting and servicing expertise and build business loan volume. Loan participations help multiple credit unions share the risks as well as the rewards of business lending.
- Partner with government agencies – Credit unions that make SBA loans earn guarantees of 50 to 85 percent on each loan. Credit unions that make agricultural business loans through Farmer Mac earn guarantees up to 90 percent.
- Partner with not-profit agencies – A wide variety of state and local agencies will guarantee community development and micro-enterprise loans up to 100 percent.

The workshop demonstrated how business lending can strengthen credit unions' bottom lines. Several credit union presenters said business lending

has raised their loan-to-share ratio over 90 percent and raised their return on assets over 2 percent.

Presentations from the workshop are available on a free CD and posted on NCUA's website: [www.ncua.gov/PALS/index.htm](http://www.ncua.gov/PALS/index.htm).

Co-hosts for the free workshop included the California, Nevada, Oregon and Washington credit union leagues, the Credit Union Association of the West, the Credit Union National Association and the National Federation of Community Development Credit Unions.

## Upcoming PALS workshop

*How to Make More Mortgages — June 2, 2004, Boston Mass.*

This upcoming workshop will share innovative programs that have opened the door of homeownership to members from all walks of life. Credit union officials will learn from peers who have excelled at keeping more members' mortgages at their credit unions and from peers who have enabled more first-time homebuyers to achieve the American dream. Mortgage partners will describe how credit unions of all sizes can build economies of scale and compete in the high-volume mortgage market. Plus, attendees will learn strategies to manage interest rate risks while freeing up liquidity to make more mortgages.



**San Francisco, March 25, 2004** — NCUA Board Member Debbie Matz and Vice Chair JoAnn Johnson visit with co-hosts for the PALS workshop on member business lending. From left to right: Gene Poitras, president/CEO, Credit Union Association of Oregon; John Annaloro, president, Washington Credit Union League; Dave Chatfield, president, California and Nevada Credit Union Leagues; JoAnn Johnson; Cliff Rosenthal, executive director, National Federation of Community Development Credit Unions; Debbie Matz; and Mary Dunn, senior vice president of regulatory advocacy, Credit Union National Association.

## Regulatory Alert issued on CAN-SPAM

NCUA Regulatory Alert 04-RA-07 notified credit unions in April that sending information by electronic mail, including marketing information initiated either by the credit union or a third party, may trigger compliance requirements established by the *Controlling the Assault of Non-Solicited Pornography and Marketing Act* (CAN-SPAM).

Effective January 1, 2004, CAN-SPAM requires unsolicited commercial e-mail messages ("spam") be labeled as an advertisement or solicitation and include opt-out instructions along with the sender's physical and electronic address. CAN-SPAM prohibits the use of deceptive subject lines and false headers in spam and authorizes the Federal

Trade Commission (FTC) to establish a "do-not-e-mail" registry. In addition, CAN-SPAM preempts state laws that expressly regulate the use of electronic mail to send commercial messages, except to the extent the state law prohibits falsity and deception.

These requirements apply to any credit union that initiates or uses a third party to promote its services. Credit unions should take steps to ensure a third party vendor does not violate CAN-SPAM requirements. The full CAN-SPAM text is on the Library of Congress' website: <http://thomas.loc.gov>. Direct questions regarding CAN-SPAM to your NCUA regional director or state supervisor.

## Spanish-language predatory lending brochure available

NCUA and fellow members of an Interagency Task Force on Fair Lending have published a Spanish-language brochure to alert consumers of potential borrowing pitfalls and to offer tips on how to secure the best possible financing.

The brochure, *Utilizar su hogar como garantía para un préstamo es arriesgado* (*Putting Your Home on the Loan Line is Risky Business*), warns that regardless of whether a home equity loan is for a home repair, bill consolidation or some other purpose, it is important to shop around.

The brochure cautions that certain lenders — often called "predatory lenders" — target homeowners with low incomes or credit problems, including the elderly, and may deceive them about loan terms or by providing loans they cannot afford to repay.

The brochure is available in PDF (Portable Document Format) to download and print copies for distribution directly from the NCUA website at [www.ncua.gov](http://www.ncua.gov). Single, free copies in English and Spanish are available by contacting NCUA Publications at 703-518-6340.

## ACH scam detected

An unauthorized organization has attempted to use the Automated Clearing House (ACH) system to retrieve member account numbers.

On February 12, 2004, Calnet Business Bank originated an ACH file containing approximately 64,000 ACH credit transactions valued at 1 cent each. The transactions, targeting active and inactive account numbers, entered the ACH system through the unauthorized client file of a legitimate third party processor. These transactions were directed primarily at credit unions in an apparent attempt to identify valid account numbers for future solicitation.

Calnet Business Bank has terminated the relationship with this client and has agreed to accept return of the 1 cent credits upon request.

To prevent similar fraudulent activities, credit unions are encouraged to monitor ACH activity, investigate all suspicious transactions and be alert to ensure personal member information is not compromised. If you have any information regarding this or other fraudulent activities, please call the NCUA Fraud Hotline at 703-518-6550 or 800-827-9650. Affected credit unions should also consider filing Suspicious Activity Reports.

## Retail payment systems guidance released

NCUA joined fellow Federal Financial Institutions Examination Council (FFIEC) members in issuing revised guidance for examiners, financial institutions and technology service providers on the risks associated with retail payment systems.

The new *Retail Payment Systems Booklet* provides guidance on the risks and risk-management practices applicable to financial institutions' retail payment system activities, including checks, card-based electronic payments and other electronic payment media, electronic benefits transfer and the automated clearinghouse.

Financial institutions play an important role in retail payments, and institutions face challenges as they foster innovation. These challenges can increase risk and require diligence to ensure the confidentiality of information, system and data integrity, system availability and regulatory compliance. Retail payment system activities require careful planning for coordinated strategies between IT and business units, strong internal controls and ongoing monitoring. The *Retail Payment Systems Booklet* includes guidance and examination procedures to evaluate the quality of risk management related to these risks and activities in financial institutions and technology service providers.

This booklet is the latest in a series of updates to the 1996 FFIEC *Information Systems Examination Handbook*. Each update is being issued in a separate booklet that will ultimately replace all handbook chapters and comprise the new FFIEC *Information Technology Examination Handbook*. Future booklets will address wholesale payment systems, outsourcing technology services, management, computer operations, and systems development and acquisition. The booklets are available online at [www.ffiec.gov/guides.htm](http://www.ffiec.gov/guides.htm).



# Sign up now for 2004 grants

*New initiatives created thanks to \$1 million appropriation*

NCUA has \$1 million available in 2004, thanks to additional Congressional funding, to promote training and stimulate economic development utilizing old and new technical assistance grant (TAG) program initiatives specifically designed for low-income

designated credit unions to stimulate membership growth and savings, homeownership, member and management training, technical upgrades, student internships and the Internal Revenue Service VITA program.

NCUA encourages low-income designated credit unions to apply for TAG funding as soon as possible in order to take advantage of this year's wide array of grant initiative. A list briefly describing each initiative, application date and related funding follows:

- \$100,000 is allocated for a **Financial Education Initiative** to enable credit unions to provide members and potential members with practical money management skills by offering courses such as NEFE or the FDIC MoneySmart Program that cover the fundamentals of money management. This TAG grant will reimburse the cost to conduct and present a program. Space rental, equipment, marketing, program modification and supplies would be covered. The application period closes June 30, 2004, and grants are expected to average \$7,500.

- \$150,000 is allocated for an **Enhanced Technology Initiative** to assist technological delivery methods (e.g. Internet banking, ATMs, debit cards, Tele-banking, etc.), including software upgrades. This initiative will focus on improving service delivery to members. Grants are expected to average \$10,000 per credit union, and the application period closes August 31, 2004.

- \$100,000 is allocated for an **Expanding Service to Underserved Areas Initiative** to offset costs or improve the service offered by low-income credit

unions that have expanded service into low-income areas. Business planning development, marketing costs, staff training focused on serving the expanded community, loan policy and procedure development focusing on business lending, establishing a service center within the community, and costs for translating forms and materials are a few examples of applicable expenses. The grants are expected to average \$7,500 per credit union, and the application period closes August 31, 2004.

- \$150,000 is allocated for **Homeownership Assistance Initiative** grants to implement or augment a mortgage lending/homeownership program for members who also work with NeighborWorks® Organizations — the community development organization network of the Neighborhood Reinvestment Corporation. Grants are expected to average \$10,000 to \$15,000 per credit union, and the application period closes July 31, 2004. This initiative is teamed with low-interest loans, up to \$300,000 as seed money for homeownership loan programs.

- \$50,000 is allocated for administrative expenses to develop or fund **Individual Development Account (IDA) Programs**, including IDA software, marketing and AmeriCorps/VISTA volunteer costs. The agency has partnered with the Department of Health and Human Services in offering this grant initiative. Similar to an IRA program, an IDA encourages people to save for specific purposes by providing matching funds to augment a saver's deposits. The grants are expected to average \$5,000 per credit union, and the application period closes August 31, 2004.

- \$50,000 is allocated for an **International Remittance Initiative** to cover operational and administrative costs to establish and maintain a program providing low-cost international remittance ser-

vice for credit union members or potential members. The grants are expected to average \$2,500 per credit union, and the application period ends July 31, 2004.

- \$100,000 is allocated for **Officer and Staff Training Assistance Initiative** grants to cover tuition and travel costs associated with recognized training courses. This funding is designed to ensure credit union officials and staffs in underserved areas have essential, evolving competency skills needed to provide members and potential members with effective financial service. Grants are not expected to exceed \$20,000, and the application period closes June 30, 2004.

## Ongoing NCUA TAG funding programs include:

- \$75,000 is allocated for the 2004-2005 Internal Revenue Service's (IRS) **Volunteer Income Tax Assistance (VITA) Program** to offset some administrative and operational costs associated with enhancing financial literacy and providing free income tax preparation services for members and their families. Grants for this combined NCUA and IRS VITA program are expected to average \$5,000 per credit union. The application period for this initiative closes August 31, 2004.

- \$75,000 is allocated for the **2004 Student Intern Program** to help fund internships for junior and senior college students within larger and smaller credit unions to foster a mentoring relationship between different size institutions and to strengthen the credit union industry. The program is also designed to create a pool of experienced people to eventually help alleviate the shortage of skilled managers in small credit unions. The program provides a \$2,500 stipend to help fund each student, and the application period closes May 28, 2004.

Details and applications for individual TAG grant programs are available on the NCUA website [www.ncua.gov/org/orgchart/ocud/programs.html](http://www.ncua.gov/org/orgchart/ocud/programs.html).

# Dollar testifies before U. S. Senate

For the first time in recent history, NCUA joined the Federal Reserve Board, FDIC and other federal and state financial regulators in testifying on the condition of the financial industry before the U.S. Senate Committee on Banking, Housing and Urban Affairs April 20, 2004.

"The state of the credit union industry remains strong and healthy, with all indicators clearly portraying a safe and sound industry serving over 82 million Americans and well positioned for continued strength and vitality in our nation's financial marketplace, both now and in the future," then Chairman Dennis Dollar told committee members.

Dollar also assured the committee that NCUA's \$6 billion National Credit Union Share Insurance Fund is healthy and growing along with credit unions and the members it protects. NCUA and FDIC are the federal regulatory agencies that administer the federal share and deposit account insurance protection backed by the full faith and credit of the United States government.

Former Chairman Dollar noted that a recent GAO (Government Accounting Office) report indicates 8 percent of today's American households only use credit unions while 13 percent primarily use credit unions as their principal financial institution.



**April 20, 2004, Washington, D.C** – Office of Thrift Supervision Director James E. Gilleran, National Credit Union Administration then Chairman Dennis Dollar and Tennessee State Bank Commissioner Kevin Lavender appear before the U.S. Senate Committee on Banking, Housing and Urban Affairs.

## Check out NCUA's redesigned website [www.ncua.gov](http://www.ncua.gov)

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### National Credit Union Administration

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Based on suggestions and input from our stakeholders, onsite testing, and historical tracking results, NCUA's Internet site has been redesigned to simplify access, ease navigation and expedite movement throughout. The new design adopts a uni-

form style. More information is now available to retrieve directly from the NCUA Home Page; plus, the newly integrated AltaVista search engine, visible on every page, enables users to execute complex searches with ease.

## NATIONAL CREDIT UNION ADMINISTRATION **NCUA News**

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